



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

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Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
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October 7, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFER OF SETTLEMENT
(ALL DISTRICTS AFFECTED - 3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of Health Services or his designee to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts for patients who received medical care at a County facility:

(1)	Account Numbers	7216357, 7261602, 7268145	\$15,000
(2)	Account Numbers	8997687, 9048790, 9299801, 0249046	\$16,666
(3)	Account Numbers	5479008, 5470756	\$17,000
(4)	Account Number	0771741	\$19,292
(5)	Account Number	1282517	\$116,900

PURPOSE OF THE RECOMMENDED ACTION:

The compromise offer of settlement for patient accounts (1) - (3) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amounts the Department will be able to receive under the tort settlements involved in these cases. The compromise offer of settlement for patient accounts (4) and (5) are recommended because the amounts are the highest amounts that could be negotiated with the patients' insurance (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevent further collection from the patients, except for possible beneficiary coinsurance or deductible obligations.

JUSTIFICATION:

The best interests of the County would be served by the approval of these compromises since it will enable DHS to maximize net revenue on these accounts.

The Honorable Board of Supervisors
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FISCAL IMPACT:

This will expedite the County's recovery of partial payment totaling approximately \$184,858.

FINANCING:

Not applicable.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On January 8, 2002 the Board approved an ordinance granting the Director of Health Services (Director) authority to reduce patient account liabilities when in the best interest of the County. The ordinance was adopted by the Board on January 15, 2002.

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

The compromise of these accounts is not within the Director's authority, so the Director is requesting Board approval of these compromises.

Typically, recoveries in tort settlements are divided into thirds – one third each to the plaintiff (patient), attorney, and lien holder(s), although the final result is always the product of negotiation. The County may therefore receive a higher or lower percentage depending on the circumstances of the case. Factors that affect the County's percentage include the number of other lien holders and the contractual agreement between the plaintiff and the lawyer.

CONTRACTING PROCESS:

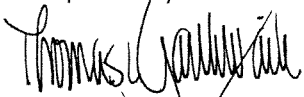
Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Maximizing net revenues on these accounts will help DHS to meet its budgeted revenue amounts.

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:lg (R:\Astecker\CompromiseBrdLtr#23\Letter)

Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: October 7, 2004

Total Charges	\$105,744	Account Number	7216357, 7261602, 7268145
Amount Paid	\$0	Service Type	Inpatient and Outpatient
Balance Due	\$105,744	Dates of Service	11/13/2001-11/30/2001, 11/30/2001, 12/03/2001
Compromise Amount Offered	\$15,000	Facility	LAC+USC Medical Center
Amount to be Written Off	\$90,744		

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient charges of \$105,744 or medical services rendered. The patient's third-party claim has been settled for \$39,000 and his attorney is proposing the following disbursement⁽¹⁾ of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Attorney fees	\$13,000	\$13,000	33%
Attorney cost	\$3,400	\$3,400	9%
LAC+USC	\$105,744	\$15,000	38%
Other Lien Holders	\$5,590	\$650	2%
Net to Patient		\$6,950	18%
Total		\$39,000	100%

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to LAC+USC Medical Center.

⁽¹⁾ Distribution as described in the Facts and Provisions/Legal Requirements section of the Board letter.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: October 7, 2004

Total Charges	\$125,278	Account Number	8997687,9048790,9299801,0249046
Amount Paid	0	Service Type	Inpatient and Outpatient
Balance Due	\$125,278	Dates of Service	04/19/20003-04/29/2003, 06/05/2003, 05/01/2003-05/05/2003, 08/12/2003
Compromise Amount Offered	\$16,666	Facility	LAC+USC Medical Center
Amount to be Written Off	\$108,612		

JUSTIFICATION

This patient was involved in an assault and battery case. As a result of this incident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient charges of \$125,278 for medical services rendered. The patient's third-party claim has been settled for \$50,000 and his attorney is proposing the following disbursement⁽¹⁾ of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Attorney fees	\$16,666	\$16,666	33.3%
Attorney cost	\$6,175	\$6,175	12.0%
LAC+USC Medical Center	\$125,278	\$16,666	33.3%
Other Lien Holders	\$49,411	\$5,266	11.0%
Net to Patient		\$5,227	10.4%
Total		\$50,000	100%

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to LAC+USC Medical Center.

⁽¹⁾ Distribution as described in the Facts and Provisions/Legal Requirements section of the Board letter.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: October 7, 2004

Total Charges	\$35,637	Account Number	5479008, 5470756
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$35,637	Dates of Service	05/04/2003-05/06/2003 05/07/2003-05/09/2003
Compromise Amount Offered	\$17,000	Facility	H/UCLA Medical Center
Amount to be Written Off	\$18,637		

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at H/UCLA Medical Center and incurred total inpatient charges of \$35,637 for medical services rendered. The patient's third-party claim has been settled for \$50,000 and his attorney is proposing the following disbursement ⁽¹⁾ of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Attorney fees	\$20,000	\$16,666	33%
Attorney cost	\$1,872	\$1,872	4%
H/UCLA	\$35,637	\$17,000	34%
Net to Patient		\$14,462	29%
Total		\$50,000	100%

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to H/UCLA Medical Center.

⁽¹⁾ Distribution as described in the Facts and Provisions/Legal Requirements section of the Board letter.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4
DATE: October 7, 2004

Total Charges	\$42,574	Account Number	0771741
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$42,574	Date of Service	12/16/03 – 12/23/03
Compromise Amount Offered	\$19,292	% Of Charges	45.3%
Amount to be Written Off	\$23,282	Facility	LAC+USC Medical Center

JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case. The patient is a British citizen and her insurance policy only reimburses the prevailing U.S. Medicare DRG rate. The amount offered is higher than the DRG amount (#254 -- \$10,699) for the services provided.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5
DATE: October 7, 2004

Total Charges	\$197,259	Account Number	1282517
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$197,259	Date of Service	04/18/2004 – 05/10/2004
Compromise Amount Offered	\$116,900	% Of Charges	59%
Amount to be Written Off	\$80,359	Facility	LAC+USC Medical Center

JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case.